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CENTRAL INTELLIGENCE BULLETIN



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2 July 1958

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DAILY BRIEF

I. THE COMMUNIST BLOC

OK
Soviet Seven-Year Plan: The USSR has not made public a new Seven-Year Plan (1959-1965) although the draft was to have been completed by 1 July. There were earlier indications that preparation of the plan was on schedule, and two central committee meetings in the past two months have discussed economic affairs. The US Embassy in Moscow, however, has received a report that an announcement may be delayed until September.

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OK
USSR - East Germany: A report that the Soviet Embassy in East Berlin has been ordered to send Moscow its file on the problem of the nine American airmen forced down in East Germany raises the possibility that the USSR may be considering a new approach to the case. At the same time, the renewed denial of Soviet responsibility on 1 July by the USSR's chargé in Washington suggests that Moscow's purpose in requesting the file was to find new arguments to bolster the East German position. East German officials appear sensitive to the widespread unfavorable publicity concerning their attempt to barter the prisoners for enhanced international prestige.

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II. ASIA-AFRICA



bk Tunisia: The establishment of diplomatic relations with bloc nations is under consideration in Tunis. A Tunisian economic mission which is shortly to visit Yugoslavia will go also to Bulgaria and the Soviet Union. Its composition suggests that talks will not only cover renewal of last year's trade agreements, but may discuss financial and political matters. [redacted]

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ok Greece: The Greek Communist-front United Democratic Left (EDA) party, which has the second largest representation in Parliament, appears to be embarking on a major campaign against USIS in Greece. During the past two weeks local EDA officials have made four specific efforts to obstruct USIS activities. [redacted]

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DAILY BRIEF

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I. THE COMMUNIST BLOC

Soviet Seven-Year Plan Still Not Published

The Soviet decision last fall to inaugurate a new Seven-Year Plan (1959-65) replacing the Sixth Five-Year Plan (1956-60) set a deadline of 1 July 1958 for preparation of the new plan, to take effect on 1 January 1959. Presumably Soviet leaders hoped to publish it by 1 July; at the May central committee meeting, Khrushchev told the gathering that "we shall soon have to consider and adopt" the plan for 1959-65. However, no appropriate statement came out of the subsequent June central committee meeting, and the American Embassy in Moscow has recently received a report that publication may be delayed until September.

There are indications that preparation of the plan has reached an advanced stage, and publication may be held up only pending a suitable occasion to give it maximum publicity. However, this is the first long-range plan in which the sovnarkhozy--regional economic councils--have had an influential role, and final preparations may have bogged down in time-consuming discussions. Furthermore, the recent decision to boost expansion of the chemical industry may have made some recalculations necessary.

Failure to promulgate a revised Sixth Five-Year Plan on schedule was symptomatic of a high-level policy disagreement at this time last year. The possibility of top-level internal economic policy differences again this year cannot be ruled out, although there has been little evidence of such differences.

[REDACTED]

[REDACTED]

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New Tactics May Be Planned in Case of Nine Americans
Held in East Germany

The possibility that Moscow may be considering a new approach to the problem of the nine Americans held by East Germany is suggested by a report that the Soviet Embassy in East Berlin has been ordered to send its entire file on the case to Moscow. The USSR may contemplate entering the negotiations, possibly as mediator, or it may be contriving some scheme to assist East Germany in breaking the three-week deadlock. Soviet chargé Striganov's statement to US Undersecretary Murphy on 1 July denying Soviet responsibility suggests that Moscow's purpose in requesting the file was to find new arguments to bolster the East German position.

A Soviet Embassy official in Berlin believes Moscow may be considering, as a basis for negotiations, a plan calling for Western recognition of the German Democratic Republic (GDR) as a sovereign state. In return, the four powers, together with East and West Germany, would formulate a new Berlin statute guaranteeing the existence of the West Berlin government, the presence of the Western powers there, and specified access routes to the city. Such a plan is said to have been discussed in outline form in the Soviet Foreign Ministry.

East German officials appear to be growing uneasy because of the widespread unfavorable publicity arising from their attempt to blackmail the United States, exchanging the prisoners for enhanced international prestige. In view of the US protest to Moscow, the East Germans may also be concerned over Soviet intentions, since the Russians, on several occasions in the past, have for their own reasons forced the GDR to modify its policies.



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Tunisia to Send Trade Delegation to Yugoslavia and Soviet Bloc

Tunisia will send an economic mission representing the Secretariats of Foreign Affairs and Finance but not Commerce and Industry to Yugoslavia, Bulgaria, and the Soviet Union early in July to discuss renewal of last year's trade agreements. While in Moscow, the mission may also discuss the establishment of diplomatic relations with bloc nations in line with the recent decision of the Tunisian Government to establish more active relations with the Soviet Union.

Tunisia concluded its initial trade agreement with Yugoslavia on 19 June 1957. The agreement provided for total trade of \$2,800,000 in Yugoslav industrial goods and Tunisian mineral and agricultural products, principally phosphates. It expired on 30 June 1958. The two countries maintain diplomatic relations. The first secretary of the Yugoslav Embassy in Tunis informed an American official in March that one of Belgrade's objectives was "to persuade Tunisia to remain outside the system of blocs."

The Tunisian trade agreements with the Soviet Union and Bulgaria were concluded on 12 July and 14 August 1957 and provide for an exchange of goods valued at \$3,720,000 and \$2,-283,000, respectively. Trade with both countries, however, has amounted to less than 1 percent of Tunisia's total trade.

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Greek Communist-front Members Obstructing
USIS Activities

Greek local government officials who are members of the Communist-front United Democratic Left (EDA) party have recently forced the USIS to cancel some of its local programs on charges of "anti-Hellenic" activities. Emboldened by their party's added strength following the 11 May national elections, local functionaries are apparently willing to assert themselves more. This could, however, be the beginning of a major campaign against the American information program in Greece.

The new restrictions have affected the film program, the schoolbook program, and fleet band concerts. Two film showings were canceled in the suburbs of Athens with the comment that "people are not interested in your propaganda." A public band concert planned by the Sixth Fleet band in Piraeus was canceled by the mayor as the result of pressure exerted by EDA members on the municipal council. The EDA newspaper Avighi has also begun a major attack on the American offer to furnish textbooks to Greek schools. It was charged that the books would carry American propaganda. The press attack was aimed at the minister of education as well as the USIS program. Charges against USIS have also been made in Parliament by EDA deputies.

EDA leaders may feel confident the case against the party pending in the electoral court will be decided in their favor. The court will determine whether EDA entered the last election as a single party or a coalition. If it decides that the EDA was a coalition, 33 of the 79 EDA deputies will be dislodged from Parliament. The court's decision will probably be announced in another week.

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Military Discontented With Argentine President

Dissatisfaction with Argentine President Frondizi's failure to take a firm line against Peronism and Communism has increased military discontent, [REDACTED]

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A group of officers in the important Campo de Mayo army garrison is dissatisfied with Frondizi's reply to its ultimatum of early June demanding clarification of his policies within the month. Frondizi's reply was contained in a nationwide broadcast by the interior minister on 23 June which primarily reviewed government steps thus far and stressed the importance of democracy and 'national reconciliation.' Part of the speech, however, implicitly sought to reassure anti-Peronista elements and warn Peronistas that the government's recent political measures were not intended to help them regain power.

Military complaints regarding Frondizi's policies concern mainly the generous amnesty for Peronistas, official appointments, and slow action on economic problems. Frondizi has appointed Peronistas to important subcabinet positions, and antigovernment sources charge that pro-Communists have also received official posts.

The military are also concerned over Frondizi's policies toward labor, which under Peron became the strongest single political power. Peronista or neo-Peronista sympathizers are still dominant in labor, although two thirds of the present union leaders are anti-Peronista. These leaders are convinced that they would lose new elections and fear that new legislation about to be introduced into Congress will require such elections. [REDACTED]

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